

UNITED PRESS INTERNATIONAL  
17 December 1986

**FILE ONLY**

WASHINGTON

The Justice Department and CIA denied a reported claim by Director William Casey Wednesday that he sent Attorney General Edwin Meese a memo on his suspicions that Iranian arms money was diverted to Nicaragua more than a month before the link was revealed.

In an unusually direct denial of the report in the The New York Daily News, Justice Department spokesman John Russell said neither Meese nor "anybody else in the Department of Justice" had received such a memo, or "any indications, orally or otherwise" from Casey.

CIA spokesman George Lauder said, "Nothing was sent to Meese (from Casey) prior to the attorney general's White House appearance" on Nov. 25 -- the day Meese made the startling revelation that up to \$30 million in proceeds from arms sales to Iran had been diverted to the Contras.

The Daily News reported that the CIA director, now hospitalized after two seizures Monday, claimed to friends in recent days that he sent Meese a memo shortly after learning from New York businessman Roy Furmark on Oct. 7 of the possible diversion of funds to the Contras.

Casey has conceded in testimony on Capitol Hill that he picked up some indications of the diversion from Furmark, an former business partner, who was representing two Canadians who advanced millions to finance an arms shipment to Iran but were not paid back.

Russell said, "Meese never received any such memo from Casey."

"If a memo was prepared and sent, I can't speak to that. But as to being received and read by the attorney general, no." He reiterated that Meese's contention that he did not know anything about the diversion of funds to the Contras until he discovered the first hints of wrongdoing in his fact-finding review the weekend of Nov. 22-23.

The spokesman also ruled out other department officials had received any such memo or any other indications from Casey -- including Associate Attorney General Stephen Trott, who asked the FBI to delay for 10 days federal inquiries into the former CIA-owned airline, Southern Air Transport. The airline, under federal investigation, has been linked to both arms shipments to Israel and Iran and supply missions for the Nicaraguan rebels.

That delay, acknowledged last week by the department, was requested in early November as negotiations were under way for the release of U.S. hostages in Iran.

"At no time prior to Nov. 25 did the attorney general Meese or anybody else in the Department of Justice receive a memo or have any indications, orally or otherwise, that Casey had suspicions about money being diverted to the Contras," Russell said.